

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Friday, February 16, 2001, 9:30 a.m.

Utah Association of Counties Building

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| 9:30 | Call to Order | Gary Herbert |
| | Review of Board Members Absent | Gary Herbert |
| | Approval of January 26 Minutes | Gary Herbert |
| | Amendment of General Budget | Shawn Guzman |
| | Broker's Report | John Chino |
| | Director's Report | Shawn Guzman |
| | Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation | |
| | Action on Litigation Matters | Kent Sundberg |
| | Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, Physical or Mental Health of an Individual | |
| | Revised Agreement for General Administrative Services | Brent Gardner |
| | Other Business | |
| 12:00 | Adjourn for Lunch | |

UACIM BOARD OF TRUSTEES MEETING MINUTES

February 16, 2001, 9:30 a.m.
Utah Association of Counties Building

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Ken Bischoff, *Secretary-Treasurer*, Weber County Commissioner
Kay Blackwell, Piute County Commissioner
LaVar Cox, Millard County Commissioner
Lynn Lemon, Cache County Executive
Royal Norman, Box Elder County Commissioner
Tex Olsen, Sevier County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Ty Lewis, San Juan County Commissioner
Dan McConkie, *Vice President*, Davis County Commissioner

OTHERS PRESENT

Steve Baker, Davis County Personnel Director
Brent Gardner, UAC Executive Director
Shawn Guzman, UACIM Director
Sonya White, UACIM Administrative Assistant
John Chino, GRMS Account Executive
Bob Haas, McLarens Toplis Casualty Specialist

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Ty Lewis requested to be excused from this meeting due to a conflicting meeting. Dan McConkie is not feeling well and requested to be excused from this meeting. Tex Olsen made a motion to excuse Ty Lewis and Dan McConkie from this meeting. Royal Norman seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held January 26, 2001 were previously sent to the Board Members for review. Kent Sundberg stated that his motion under the *Action on Litigation Matters* item to assign Michael Homer and Jesse Trentadue to claims WAS00088160 and WAS00087990 should have also included the addition of Michael Homer to the approved attorney list. Also, the time of the next meeting should show 9:30 not 10:00 a.m. Kay Blackwell made a motion to approve the corrected January 26, 2001 meeting minutes. Ed Phillips seconded the motion, which passed unanimously.

AMENDMENT to GENERAL BUDGET

As the Board directed at the January 26 meeting, Shawn Guzman presented an amended general budget increasing the *Other Expenses* line item from \$8,000 to \$31,300 in anticipation of an Insurance Department audit and for the retained services of Nielsen & Senior for an exemption petition. Ken Bischoff made a motion to approve the general budget as amended. Ed Phillips seconded the motion, which passed unanimously.

BROKER'S REPORT

John Chino reported that after Jim Mochel heard the concerns of the Board at the January 26 meeting, he met with Travelers and convinced them to change the Builders Risk/Newly Acquired Properties first dollar premium to a premium charged for only values over \$5 million. This change became effective February 1, 2001. The only procedural change is that all builders risk projects, regardless of the size, must be reported to the broker within 90-days. The Directors & Officers exclusion, *Failure to Provide Insurance*, will be received under endorsement #8 allowing coverage. The TULIP deposit from Redlands, in the amount of \$2000, has been refunded and is in the mail to UACIM from Gallagher's Chicago office.

DIRECTOR'S REPORT

Grand County. Shawn Guzman reported that he, Gary Herbert and Kent Sundberg met with Grand County Council Members Kimberly Schappert and Joiette Langoliese to explain that the \$25,000 inverse condemnation defense allotment for claim number GRA00087840 would not go towards the self insured retention with the excess carrier.

Late Premium Payments. Two counties did not meet the January 31 postmark deadline for premium payments under the Joint Policy Statement. They are Carbon, postmarked February 9, and Washington, postmarked February 7. The interest allocation of 2% above Prime Rate for Carbon is \$214 and for Washington \$355. The Board directed Shawn Guzman to invoice Carbon and Washington Counties the calculated interest for their late premium payments. If a respond to this charge is made, the Board will consider it at the next meeting.

Financial Reports. Shawn Guzman reported that the financial statements for December and January are not complete. The accountants must complete the annual statements before the December financial statement can be calculated. The actuary has completed his numbers and will meet with the Audit Committee and the auditors once the audit is complete.

McLaren's Claim Manager Position. Shawn Guzman reported that 28 applications were received for the claims manager position vacated by Jeff Powell. None of the applicants had experience with governmental entities but Kevin Lindell interviewed seven applicants and invited Shawn and Kent Sundberg to assist in interviewing three finalists. Background and reference checks are being conducted and an offer should be extended next week.

Update on Claim 801WAT978151. Shawn Guzman explained that he is going to California to meet with Mike Michel and Jeff Fackler to discuss strategy for litigation with Great American in the matter of claim number 801WAT978151. Approximately \$35,000 is left in the self-insured retention and approximately \$10,000 left in legal work to prepare for the April 4 court hearing on the motion for summary judgment—making it imperative that Great American be forced to acknowledge their duty to defend.

April Meeting Changes. In an effort to put more emphasis on the November annual membership meeting and the April insurance coordinator training, Shawn Guzman recommended that a membership meeting and dinner not be scheduled for April in conjunction with the Utah Association of Counties (UAC) Management Conference. The agenda for the insurance coordinator training will cover the same items that would be discussed in a membership meeting. The Board agreed with Shawn's recommendation. All renewal information is due on April 18 and the insurance coordinators have been asked to bring all their information to the training. Last year the Board approved a dinner gift certificate to be awarded to those complying. LaVar Cox made a motion authorizing a \$50 gift certificate to be awarded to those coordinators who bring their completed renewal information to the training on April 18. Tex Olsen seconded the motion, which passed unanimously.

Olympic Volunteer Claim. Shawn Guzman explained that an Olympic volunteer was injured at a venue site in one of the member counties. The county was directed by the Salt Lake Organizing Committee (SLOC) to provide volunteers. Because of this, SLOC initially was claiming that the county should be responsible for the injuries but with further discussions it appears that SLOC is going to now accept responsibility. UAC proposed Olympic Indemnification legislation during the 2000 session that failed leaving the counties prone to liability exposure. Brent Gardner will set-up a meeting with Mitt Romney, Lane Beattie, county attorneys, sheriffs and commissioners to discuss liability responsibility. The Board directed Mark Brady to survey the member counties that have venue sites as to what Olympic related, but not SLOC sponsored, events they are scheduling. Ed Phillips explained that several of the county sheriffs offices received a letter from the state that said there will be no Highway Patrol coverage during the Olympics and that the state will pay the counties up to 85 hours overtime to cover for the Highway Patrol.

Broker RFP Process. The proposed timeline for the request for proposals is as follows: March 16, release of request for qualifications; April 6, deadline for receiving initial information; mid-April, interviews at UACIM offices; mid-April, selection of brokers to submit RFP and release of information; June 1, deadline for receiving final proposals; June 21, contract awarded and January 1, 2002, effective date of contract. The Board directed staff to narrow the bidders to three that will make a presentation to the Board.

SET DATE and TIME for CLOSED MEETING

Kay Blackwell made a motion setting the time and date for a closed meeting to begin at 11:10 a.m. on February 16, to discuss pending or reasonably imminent litigation. Royal Norman seconded the motion, which passed unanimously.

LaVar Cox made a motion to conclude the closed meeting at 11:25 a.m. on February 16. Ken Bischoff seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Kent Sundberg made a motion to amend the authorization to file an offer of judgment in the amount of \$200,000 to \$180,000, plus reasonable attorney's fees, in the matter of claim WEB00087920. Lynn Lemon seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

Lynn Lemon made a motion to strike the agenda item for a closed meeting to discuss the character, professional competence, physical or mental health of an individual. Kay Blackwell seconded the motion, which passed unanimously.

REVISED AGREEMENT for GENERAL ADMINISTRATIVE SERVICES

Brent Gardner was unable to report on this item; therefore, Tex Olsen explained that the UAC Board of Directors did not accept the UACIM Board's counter offer of over/under five percent for reimbursement/payment of administrative services. Tex Olsen made a motion to accept the UAC Board's second offer of over/under \$7500. Ken Bischoff seconded the motion, which passed with Kent Sundberg opposed.

OTHER BUSINESS

Steve Baker reported that the agenda for the May 3-4 Personnel Workshop has been set and encouraged the Board of Trustees to attend as well as support as many officials and employees to attend. Presentations include: *Customer Service for the Unwilling Public*, *Making the Most of Your Retirement*, *Personnel Law Updates* and *27 Ways to Lose Unemployment Appeals*.

The next Board of Trustees meeting is scheduled for Thursday, March 15, 2001 at 9:30 a.m., location to be determined.

Approved on March 29, 2001



Ken Bischoff, UACIM Secretary-Treasurer, Weber County Commissioner

UAC INSURANCE MUTUAL

General Budget

| | As of August 31 | | Approved 9/21/00 | | Amended |
|-------------------------------------|-----------------|-------------|------------------|-------------|-------------|
| | 2000 Budget | 2000 Actual | 2001 Budget | 2001 Budget | 2001 Budget |
| REVENUE | | | | | |
| Premiums Written | 3,090,000 | 3,091,658 | 3,274,082 | | 3,274,082 |
| Investment Income | 400,000 | 390,380 | 400,000 | | 400,000 |
| Miscellaneous Income | | | | | |
| TOTAL REVENUE | 3,490,000 | 3,482,038 | 3,674,082 | | 3,674,082 |
| LOSSES AND LOSS EXPENSES | | | | | |
| Losses | 1,580,000 | 265,343 | 1,715,000 | | 1,715,000 |
| Claims Management Expenses | 224,000 | 150,563 | 224,000 | | 224,000 |
| Reinsurance | 739,875 | 638,631 | 870,731 | | 870,731 |
| Loss Adjustments for Previous Years | 0 | 0 | 0 | | 0 |
| TOTAL LOSS EXPENSES | 2,543,875 | 1,054,537 | 2,809,731 | | 2,809,731 |
| ADMINISTRATION EXPENSES | | | | | |
| Broker Fees | 105,000 | 95,000 | 105,000 | | 105,000 |
| Administration Fees | 447,686 | 335,765 | 446,815 | | 446,815 |
| Professional Fees | 50,000 | 25,682 | 50,000 | | 50,000 |
| Interest Expense | 40,000 | 39,220 | 0 | | 0 |
| Other Expenses | 8,000 | 2,413 | 8,000 | | 31,300 |
| TOTAL ADMINISTRATION | 650,686 | 498,080 | 609,815 | | 633,115 |
| TOTAL LOSSES AND EXPENSES | 3,194,561 | 1,552,617 | 3,419,546 | | 3,442,846 |
| NET INCOME | 295,439 | | 254,536 | | 231,236 |
| PAYMENT OF DEBENTURES | 589,899 | 589,899 | | | |

Director's Report-February '01

1. Meeting With Grand County
 - a. Met with Kimberly Schappert & Joiette Langoliese, Gary Herbert, Kent Sundberg.
2. Late Payment of premiums: Read Joint Policy Statement
 - a. Carbon received: Postmarked Feb. 09 Premium amount: \$82,555 Estimated interest: Prime as of Feb 1, 2001= 8.5% +2%=10.5% \$214
 - b. Washington received: Postmarked Feb. 07, 2001 Premium amount: \$176,543 Estimated interest: \$355
3. RFP process:
 - a. Proposed Timeline:
 - i. March 16, 2001: Release of Request for Qualifications
 - ii. April 6, 2001: Deadline for receiving Initial Information
 - iii. Mid-April: Interviews at UACIM offices
 - iv. Mid-April: Selection of Brokers to submit RFP and Release of Information
 - v. June 1, 2001: Deadline for receiving Final Proposals
 - vi. June 21, 2001: Final Decision
 - vii. January 1, 2002: Effective Date of Contract

If we are prepared to make a selection at the July Board meeting, that will give us plenty of time to calculate premiums for the August meeting. We will be inviting Arthur Gallagher, Robert Driver, Fred A. Morton, and some of the others who replied to the last request in 1996.

4. Financial Reports: The Year-end reports are still being prepared, so December and January's reports aren't complete. The actuary has completed his numbers
 5. McLarens- Claims Manager position: The three finalists for Jeff Powell's position were interviewed yesterday. Kent Sundberg and I sat in on the interviews. Kevin Lindell is conducting background and reference checks today and hopes to extend an offer next week.
 6. Update on Canyon Meadows: Approximately \$35,000 left in the SIR, with about \$10,000 worth of legal work left in order to prepare for the April 4th Court hearing on the Motion for Summary Judgment. This makes it all the more imperative that Great American be forced to acknowledge their duty to defend. I will be going to California next week to meet with Mike Michele and Jeff Fackler to discuss strategy for litigation with Great American (they have filed a Dec action, but not served it).
 7. Mid-year Meeting Changes
 - a. Insurance Coordinator training-1.5 hours
 - b. All renewal info due.
 - c. No dinner
 - d. No membership meeting
 - i. Redundant information
 - ii. Emphasizes importance of coordinator training
 - iii. Places more emphasis on the Annual Meeting
- ** Approve \$50 Gift Certificates for those renewing**
8. Presentation of RMP Checks will be at the April Insurance Coordinator training.
 9. Olympic Volunteer claim: Met with Brent and Layne Beatty, State Olympic Coordinator. Agreed to meet again with County Commissioners, Attys, Sherriff's etc.

March Meeting—schedule a teleconference?

Budget Amendment:

Increase in the “Other Expenses” of:

\$20,000 to cover the potential cost of an Insurance Department
Audit;

\$3,300 to cover the cost of Insurance Department exemptions
petition by Brett Rich (which you instructed me to proceed with at
the last meeting).

